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S. HRG. 98-210

NOMINATION OF DANIEL G. AMSTUTZ

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

THE NOMINATION OF DANIEL G. AMSTUTZ, OF NEW YORK, TO BE UNDER SECRETARY OF AGRICULTURE FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

MAY 11, 1983

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NOMINATION OF DANIEL G. AMSTUTZ

WEDNESDAY, MAY 11, 1983

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 324, Dirksen Senate Office Building, Hon. Jesse Helms (chairman of the committee) presiding.

Present: Senators Helms, Dole, and Boschwitz.

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

The CHAIRMAN. The committee will come to order.

We meet today to conduct a hearing on the nomination of Daniel G. Amstutz to be Under Secretary of Agriculture for International Affairs and Commodity Programs.

Now, I do not want to preempt the distinguished Senator from Minnesota who is going to present Mr. Amstutz, but I will say that I met with this gentleman at some length, and I was totally impressed, and I will forebear any further remarks until Senator Boschwitz has presented his native Minnesotan.

Senator BOSCHWITZ. Why don't you go right ahead, Mr. Chairman.

The CHAIRMAN. No; you go ahead, and I will continue when you are finished.

STATEMENT OF HON. RUDY BOSCHWITZ, A U.S. SENATOR FROM MINNESOTA

Senator BOSCHWITZ. Well, Mr. Amstutz, on the basis of his background and on the basis of what my friends in Minnesota tell me, is ideally suited to this position. As you know, Mr. Chairman, he was for many years associated with Cargill, which is a Minnesota company. Though he was not always living in Minnesota, but was stationed in various parts of the world, which will make him particularly suitable to this job.

We have large problems in agriculture worldwide. Mr. Amstutz and I talked about them yesterday. I talked about them at good length most recently with former colleagues at Cargill, and a coordinated, far-reaching, intelligent plan has to be worked out if we are going to make GATT work, if it can work; and if we are going to prevent some of our competitors around the world from subsidizing products to such a degree that we continue to lose markets. Mr. Amstutz is most familiar with all of this. He has engaged in this

most of his adult life, or all of his adult life and has been in Europe. His background is just particularly suited to the particular responsibilities that we are going to place upon his shoulders and that are so important to the Farm Belt of our country. Inasmuch as they are important to the farms of this country, they are important to the country overall. I really have the sense, certainly in the Middle West, that when the farm economy hums, the entire economy hums, and this is a position of great significance in bringing about that result.

As you read about Mr. Amstutz' background, you certainly gain the impression that he has those qualities. As you talk to people who he has known for many years, as I have done, you certainly conclude that indeed he does have the abilities and qualities that are needed in this job, and that we can look with some optimism to achievement in the area of farm exports and the establishment of a fairer or freer trade in world markets.

The CHAIRMAN. Thank you, Senator.

Senator Dole.

Senator DOLE. I have a couple of questions when the chairman finishes.

The CHAIRMAN. Well, as Senator Boschwitz has indicated, Mr. Amstutz appears well qualified, and he confirmed that in our visit. For 25 years, he worked for Cargill, Inc., at various positions relating to export marketing activities. In 1978, he joined Goldman, Sachs & Co. to develop and direct commodity activities for that firm. And Bob, that is quite a fascinating story in itself.

He has been with USDA as a consultant for the past several months, while awaiting formal nomination. During that time, he has lent his counsel on agricultural trade policy matters, and recently accompanied Dick Lyng to the latest round of EEC negotiations. I know that was interesting.

Now, I would say to the nominee, Mr. Amstutz, that if you are approved by the committee and confirmed by the Senate, it is only fair to give you warning that you are going to be in a "hot seat" when you embark officially in your new job responsibilities. As Under Secretary in charge of agricultural exports, you will be immediately confronted with a number of pressing issues, including the problems we seek to address in legislation, currently pending in the Senate. I refer, of course, to S. 822, with which you are familiar, the title of which is the "Agricultural Export Equity and Marketing Expansion Act of 1983." In addition, there are the very pressing issues of the Williamsburg economic summit and the negotiation of an LTA with the Soviet Union. I know and hope that you will be involved in pressing the best interest of the United States in all of these matters.

I am going to ask unanimous consent that my full statement be included in the record.[1]

Before we proceed with a statement by you, I would mention that following the hearing, the record will remain open for submitting questions from absent Senators, and if it meets the approval of the committee, a vote on the nomination will occur later this week, as quickly as we can line that up.

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[1] See p. 11 for the prepared statement of Senator Helms.

Before I even ask for your statement, Mr. Amstutz, let me ask you the routine questions which are highly important and are questions that we direct to all nominees. If your nomination is approved by the committee and the Senate, do you promise to respond to requests to appear and testify before this committee and/or any other duly constituted committee of the Senate?

Mr. AMSTUTZ. I do.

The CHAIRMAN. If you are confirmed by the Senate, will you faithfully execute the laws passed by Congress, regardless of any previous statements you may have made or biases that you may have held?

Mr. AMSTUTZ. I will.

The CHAIRMAN. Very well.

Now, we will be glad to hear——

Senator BOSCHWITZ. I might say to relieve Mr. Amstutz, we do not hold hearings more than three times a week. [Laughter.]

The CHAIRMAN. Well, you know, two times a day, three times a week.

You have this committee confused with the Foreign Relations Committee, Senator Boschwitz.

We will be glad to hear from you, sir.

STATEMENT OF DANIEL G. AMSTUTZ, UNDER SECRETARY OF AGRICULTURE FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS—DESIGNATE

Mr. AMSTUTZ. Mr. Chairman and members of the committee, it is a real privilege for me to appear before you today. I am honored by the President's nomination. I am eager to become part of Secretary Block's team, and I pledge to do my best to serve American agriculture.

Until now, my entire career has been in the private sector. During most of those 29 years, I was directly involved in the domestic and international trade of farm products. Both as a trader, and a manager of trading businesses, I have worked with programs administered by the Department of Agriculture. I believe the experience I have had qualifies me for the position I seek.

I have no illusions about the difficulties of the job. The optimist says that problems are merely challenges. In that context, American agriculture is facing many challenges. Meeting them will be a difficult task. But I am an optimist, and I believe they can be met.

I make no pretense about having easy answers for the myriad of tough questions that must be addressed, and yet I believe there are good answers that can be found.

I enthusiastically seek your confirmation. I ask for the opportunity to serve my country, my President, the Secretary of Agriculture, and America's farmers and ranchers. I look forward, Mr. Chairman, to working with you, the committee, the Congress, and I will be happy to answer any questions you may have.

The CHAIRMAN. Thank you, sir.

Senator Dole, I know you have a tight schedule. We will defer to you and let you take the first line of questioning.

STATEMENT OF HON. BOB DOLE, A U.S. SENATOR FROM KANSAS

Senator DOLE. Well, first, I want to welcome the nominee. I think he does have outstanding credentials, and as you have indicated, Mr. Chairman and Senator Boschwitz, they are going to be needed. My own view is we need a very aggressive policy, and I think there is a lot of support in Congress for all kinds of export incentives and export ideas. Farm programs are costing a great deal of money, probably too much money. I am from a farm State, and we are concerned about target price payments and other big exposures the Government is going to have, and one way to reduce that, of course, is a more aggressive and better export program. Now, it is easy to say that, and it is something else to negotiate those agreements, but certainly, with your background, it is encouraging to me, as a long-time member of this committee, and we want to be helpful. If we can push or pull or speak for you or against you, whatever will help you most, we will be willing to do that—we may do it anyway, depending on what it may be. [Laughter.]

But one thing the chairman touched on——

Senator BOSCHWITZ. If you would yield to me, Senator Dole has spoken against me on a number of occasions, and it has helped me. [Laughter.]

The CHAIRMAN. I did not know Rudy was in the banking business, did you? [Laughter.]

Senator DOLE. He was not until now. I think he is about to withdraw or withhold or something.

The chairman mentioned the Soviet negotiations. We have had a lot of discussion on that. There is a resolution pending on the Senate floor that expresses the sense of the Senate. We have had some jurisdiction on that in this committee and also in the Finance Committee. Are you at liberty to indicate anything now, what is happening or is that something that cannot be discussed—as far as any long-term agreement, and whether it is going to be value-added products, or traditional, grain-only contracts, or whether it might include corn gluten feed or soybean meal?

Mr. AMSTUTZ. Well, I think, Senator, it is probably premature to state too much, but let me say this. I think that the primary element of an LTA is the symbolism that it represents, and as a symbolic agreement, it should open up avenues of dialog and trade between the Soviet Union and the United States, not only on the basic grains, but on other farm products, as well, and certainly, that is my hope.

Senator DOLE. I am sorry that Senator Jepsen is not here, because he has been really at the forefront of this effort. Senator Jepsen and I have met about three times with the Soviet Ambassador—we do not see the Ambassador as much as the chairman and Senator Boschwitz on the Foreign Relations Committee—to try to determine whether the Soviets had an interest—and I do not suggest they are going to do us any favors, but I like to believe that there may be some meeting of the minds sometime down the road under the right conditions. Obviously, if there is some conflict with the Soviet Union, trade is not that important, but it would seem at other times, there are some advantages to us, and maybe some to them.

Are there any meetings scheduled that you know of to discuss the LTA—is there one in June?

Mr. AMSTUTZ. To my knowledge they have not yet responded to the offer the President made, but we do have a meeting scheduled June 1 and 2 in London. These are currently billed as consultation sessions. It really depends on what we hear from them between now and then, June 1 and 2, as to the direction those consultations will take.

Senator DOLE. I appreciate that. I think for a long time, the Soviets had the feeling that if we had something to sell, that we ought to try and sell it. They were not going to knock on our door; we had to knock on their door. And maybe, now that the President has indicated the willingness, I guess the ball is in their court.

I just had one other question. There is some alarm about the drop in exports, and we can either say it is because of credit, or it is because of the strong dollar and a lot of other things, but do you have any view on what may be responsible for that drop and how we are going to become competitive again?

Mr. AMSTUTZ. Well, Senator, I think as you indicated, it is due to a number of things. It is due to God's blessing in many producing areas, so that the world has produced abundance. It is due to a strong dollar vis-a-vis other currencies, and it is also due to the global economic recession. On those two latter points, I think that global economic recovery is vital to agriculture, because of two things. As we get recovery globally, investment funds will start seeking out other places other than the United States.

One reason we have a strong dollar in this country is that it is a haven for investment capital. Another reason we have a strong dollar, of course, is the relatively high interest rates. But if we get capital attracted to other areas with economic recovery, that should weaken the dollar some, and as we get a hold on inflation in this country and work on the deficit, it should improve the outlook for agricultural exports.

So I think general economic questions in this country and globally are directly tied to agriculture as well as other sectors of our economy.

Also with general economic recovery, we should see an upswing in general levels of consumption. I am convinced that most of the world still wants to eat better, and as most of the world has the wherewithal to finance this, to pay for it, they will.

I am a supreme optimist, long range, for the health and vitality of American agriculture. I guess one reason I am is that I am confident we will get over these economic hurdles that we are faced with now, both in this country and elsewhere.

Senator DOLE. I appreciate that. We have had this big PIK program, and some say we will not have anything to export if we had a customer. Yet we have seen it meet with a great deal of success. It has not had much impact on wheat prices, but I think on corn prices, it has had some impact, and I understand the Department, hopefully, will announce whether they are going to have a continuation of PIK no later than July 1 of this year—that is not in your area—but I think you are probably right.

The deficit is the big problem, and I must say I am not very excited about what we are doing right now in the Senate. I think it is

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sort of a big crap game. You just throw the number up in the air, and you shoot until you win, and in the meantime, we are going to shoot everybody around us in one way or the other. So, we are not really reducing spending much at all, even in the Senate budget, and then you look at the House budget. But, do not look at it too long, it is a retreat from everything we are trying to do.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Dole.

Senator Boschwitz.

Senator BOSCHWITZ. Well, I find myself, as I so often do, in agreement with Senator Dole. We spoke yesterday, Mr. Amstutz, about the general world agriculture situation that we find ourselves in. We here on the committee, responding to the pressure, just looking at the figures and seeing our markets deteriorate have become more aggressive, and we feel that if there is a trade war, that the first shot has not been fired by the Europeans, but they have fired a whole salvo. We seem to be heading in the direction of responding, and that does not make me terribly comfortable, because I do not know exactly what that will bring about.

How would you respond, and what would your philosophical approach to that problem be? If we are going to have a better trade situation any problems we have with the Europeans and others have to in some way abate, or we will start a trade war, as they say, that may go beyond agriculture and may do harm to not only us but some of our trading partners in other ways.

Mr. AMSTUTZ. I understand your last comment particularly, Senator. I think the one thing the EEC has to remember, as well as the United States, is that we are friends, and we are trading partners. I believe also, however, that there has to be, on a global basis, an understanding of what the rules are, what the rules of trade are. This has been a point that this Government has been attempting to make with the EEC, in our attempts to induce them to sit down with us and attack the question of defining the GATT code as it relates to subsidies on agricultural products.

I believe we have to seek a consensus between the EEC and us on this very important question. We each have to agree to abide by the rules. That is not to say that we will not continue to be competitive in many areas, but I think competitive each on the same basis as the other, and I think we will both benefit from that.

I think that has to continue to be for us a goal of our working with the EEC. And in addition to that, I think we have to——

Senator BOSCHWITZ. Do you think they are going to buy that?

Mr. AMSTUTZ. The Senator asked if they would buy that. As I indicated to him yesterday when we met, I guess the honest answer is that I do not know. I will say that they are showing signs of being more responsive to that than I believe they have before, and I believe, perhaps too hopefully, that they have to see as we do that, as I indicated before, we are friends, we are trading partners—that is not to say that we cannot also be competitors, but certainly, we should not be disagreeing over what the basic rules are.

Senator BOSCHWITZ. Every once in a while, we may have to give them what the Germans in my State call a little "zetz"—I do not know how you would print that in the record. [Laughter.]

We have to poke them with a sharp stick like we did in our dealings with the Egyptians on flour and be convincing to them, perhaps, that it is in their interest.

Mr. AMSTUTZ. I agree with that, Senator, and somehow, we have to make other farm product exporting nations realize several things. They have to realize that farm product exports are as important to this country as to any country, and that the farm part of our economy is as important to us in this country as it is to them in theirs, and that we must export to prosper, we mean to prosper, and we will export, and we will produce.

Senator BOSCHWITZ. I hope they get that message. Otherwise, I am not sure that we are going to be able to hold this legislative body from going further and further, and I do not want to say being irresponsible, but responding.

Mr. AMSTUTZ. I understand.

Senator BOSCHWITZ. That would not be, I think, in the interest of any of the parties involved—and frankly, sometimes it annoys me so to see what goes on in the world trade in agriculture with which I am most familiar. I do not think that we should sit quietly by, or be expected to sit quietly by, and allow those things to happen.

We go back and talk to our constituents, and farm magazines are not bashful about expressing their viewpoints, and the farmers, with three milkings during the winter, have adequate time to read those magazines, and so are quite well informed. It is incumbent upon our administration and you to really let those folks know in a forceful way that, just as the Japanese are going to, in other areas of trade, the Congress is going to move in a way that is going to be, perhaps, to our mutual disadvantage, but will at least make some political music. So we have got to prevent that from happening.

Mr. AMSTUTZ. I agree, and I assure you that I will do my best to carry those points forcefully. I might add, too, that the keen interest of the Congress in these matters is helpful. It is helpful in making known to others, to other countries, the strong feelings held in this country.

Senator BOSCHWITZ. They are strong.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Mr. Amstutz, the thing to bear in mind—and I wish some of our opinionmakers in this country would understand it—is that all of us are unanimous in not wanting a trade war. I do not want a trade war, you do not want a trade war, but the fact is, the war is going on; we just have not loaded our muskets yet.

I had to respond to what was, I am sure, a well-intentioned editorial in the New York Times. The editorial was predicated on a myth that we might cause a trade war if we address the predatory practices of the EEC. I have long been convinced that the EEC is not only shooting itself in the foot; it is aiming at our feet, also. I got the expression that their right to swing their subsidy fist ends at our nose. Last year, the President and Ambassador Brock and some others asked me to go over to Geneva for the GATT ministerial—I guess they wanted the rough element represented there—but we talked turkey to those people. At first, there was a high degree of arrogance about the thing. They did not even want to talk about it. I went over to Zurich and spoke to the Swiss-Ameri-

can Chamber of Commerce, and I told them, and many times I have repeated since, that the predisposition, as Senator Boschwitz has indicated, in the U.S. Congress is to do something about it if they, the EEC, do not do something about it.

Free trade means fair trade, and we do not have that. I, for one, am not going to sit still and let the American farmer go down the tubes because we are sitting back, doing nothing, when they are being mutilated by what are clearly predatory practices.

Senator Dole mentioned the LTA with the Soviet Union. This way be a premature question, but do you have any specific ideas how you would like to rearrange or adjust the agreement with the Soviet Union?

Mr. AMSTUTZ. I am not trying to be evasive, Senator. I have a feeling it is premature to go into too much detail in that area.

The CHAIRMAN. I agree.

Mr. AMSTUTZ. Other than let me repeat again that I believe its principal value to us and to the Soviets is the symbolism it represents, the opening of avenues of trade between our two countries. I do not believe that the specific commodities covered in the agreement or the specific quantities that will be contained in the agreement are at all the end of the beginning trading relationship that it can signify. And so, I attach great importance to its significance. I agree with what Senator Dole said, incidentally, when he talked of, in his opinion, it being mutually good, attractive for both of us. I think it is. That is why I am confident they will respond positively to the offer made by the President, and I am quite hopeful that, regardless of what the LTA itself contains, that it can create that all-important atmosphere for more dialog, more trade, in more farm products.

The CHAIRMAN. Back to the EEC, and then I am going to jump down to Brazil. There is a great deal of difficulty in explaining some of the foreign policy actions by this Government. I understand, being on the Foreign Relations Committee as well as on this committee, that the nuances are sometimes obscure, but highly significant. A lot of people do not understand the financial commitments made to Brazil at a time when Brazil is engaged in the same sort of—well, let's call it what it is—predatory practices.

I was gratified at your affirmative response while I was discussing this just a moment ago. What can we do about Brazil and the EEC, short of the legislation that Congress is considering?

Mr. AMSTUTZ. There are several things that are underway. I do not know whether these will prove successful, but let me just recap them.

First, the question of subsidies on poultry exports is interestingly one area where we have agreement with the EEC. That creates a severe economic problem. So we are hopeful, here and in the EEC, that we can have a trilateral meeting with Brazil to discuss this subject.

I think Secretary Block has on numerous occasions visited with Secretary Shultz and Secretary Regan on the problem American agriculture has with Brazil's subsidy practices, and I believe that Secretary Shultz and Secretary Regan are not only quite aware of it, but quite sympathetic with it and responsive to it. I mention those two because of our other dealings with Brazil. I have said to

others that perhaps one element that makes the Brazilian problem so difficult is that I am sure from the financial areas, they are pressed to generate positive cash flows, to get almost any currency coming in. And sometimes, in government or in business, noneconomic transactions will be made just to generate some of that positive cash flow. I suspect that some of Brazil's exports are with that in mind, sort of a short-term band-aid that might create a deeper wound somewhere in the future, and perhaps that is one thing that has to be brought home to bear with them, that if it is uneconomic, it is uneconomic.

The CHAIRMAN. Well, I am of the view that regardless of the good intentions of Secretary Shultz, there are those in the State Department who have carried over from administration to administration, the careerists, who care little, if anything, about the impact on agriculture or other segments of the economy. Some of us have been saying for years that we wish that there were an American desk down at the State Department. But I guess it is up to folks like you and Bill Brock and others to try to provide that service to our own people, because we will not have anything to implement a foreign policy with if our own economy goes to pot. It is just as simple as that.

I am going to submit most of these questions in writing to save time for you, but let me do one or two nuts and bolts questions.

Have you retained any interest in Goldman, Sachs?

Mr. AMSTUTZ. None at all.

The CHAIRMAN. None at all, so there is no potential for conflict of interest arising out of your past relationship?

Mr. AMSTUTZ. No, sir.

The CHAIRMAN. We discussed this the other day—you do have an interest in the pension fund maintained by Cargill.

Mr. AMSTUTZ. That is right, Senator.

The CHAIRMAN. I also recollect that you said this pension fund is administered by six independent trustees; is that correct?

Mr. AMSTUTZ. That is right.

The CHAIRMAN. They are not employees of Cargill.

Mr. AMSTUTZ. That is right, Senator.

The CHAIRMAN. And the six outside fund managers invest and manage the pension assets, so therefore, you have no knowledge of or say-so in.

Mr. AMSTUTZ. That is right, Senator, no knowledge of or say-so in.

The CHAIRMAN. So it would be fair to conclude that it is your judgment and intent that your activities as Under Secretary would not have any relationship to the pension fund.

Mr. AMSTUTZ. None at all.

The CHAIRMAN. You have had a distinguished and impressive career with both Cargill and Goldman, Sachs. I have to ask you this—it is not a leading question—it is important for the record. You will deal evenhandedly with all grain exporters, regardless of your past business affiliation?

Mr. AMSTUTZ. Absolutely, Senator.

The CHAIRMAN. Will you deal evenhandedly with small grain exporters, as well as the large ones?

Mr. AMSTUTZ. Absolutely.

The CHAIRMAN. I think that is about all we need, except for one question that was submitted by Senator Percy, which I will ask for the record.

This is Senator Percy talking:

As you know, some 48 members of the Senate have cosponsored a Resolution introduced by myself and Senator Dole, which urged the President to proceed with negotiations on a new LTA with the Soviet Union, and we are pleased that the President has acted. One important part of that Resolution urged the incorporation of value-added products in such an agreement. Other countries that have LTAs with the Soviets, such as Brazil and Argentina, have been able to sell both value-added products and bulk commodities, which the United States should do also.

How can we make it easier for our value-added processors to sell their products to the Soviet Union through increasing the FAS bargaining presence as part of this agreement or through other means?

That is Senator Percy's question.

Mr. AMSTUTZ. In a sense, I believe I have responded to that already.

The CHAIRMAN. I think you have.

Mr. AMSTUTZ. What is contained in the LTA is not nearly so important, in my judgment, as the symbolism it represents, and that my optimism that we can see growing trade in a number of products with the Soviet Union.

The CHAIRMAN. Very well. If you have any further thoughts, of course, the record will be open for you to add any comments, as well as respond to the written questions submitted by me and/or by others.

I want the record to include a letter from the National Council of Farmer Cooperatives, written to me, dated May 10.

DEAR MR. CHAIRMAN: The National Council of Farmer Cooperatives fully supports the nomination of Mr. Daniel Amstutz to be Under Secretary of Agriculture for International Affairs and Commodity Programs.

Mr. Amstutz is highly respected in the world of international marketing of agricultural commodities. His excellent background in commodity affairs, coupled with his reputation for integrity and common sense, make him an outstanding candidate for the vital role as Under Secretary.

We respectfully urge confirmation of Mr. Amstutz' appointment.

Sincerely,

WAYNE A. BOUTWELL.

That is about it, except the Chair would take note of a distinguished North Carolinian, a former baseball player of note, the honorable Wilmer "Vinegar Ben" Mizell, who served with distinction in the Congress of the United States from the great State of North Carolina. We welcome you, Wilmer. Always glad to see you.

We will insert in the record a letter and attachments thereto, from David R. Scott, Acting Director, Office of Government Ethics, Office of Personnel Management, relating to the nomination of Mr. Amstutz.[1]

If there is no further business to come before the committee, we stand adjourned.

[Whereupon, at 10:30 a.m., the committee adjourned, subject to call of the Chair.]

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[1] The financial disclosure report referred to in Mr. Scott's letter to Chairman Helms will be retained in committee files and may be reviewed by anyone wishing to do so in room SR-328-A.

APPENDIX

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

The Committee meets today to hold a hearing on the nomination of Daniel G. Amstutz to be Under Secretary for International Affairs and Commodity Programs at USDA.

Mr. Amstutz appears well-qualified to serve in this position. For 25 years, he worked for Gargill, Incorporated in various positions relating to export marketing activities. In 1978, he joined Goldman, Sachs, and Company to develop and direct commodities activities for that firm.

For the past several months, Mr. Amstutz has been at USDA as a consultant while awaiting formal nomination. During that time, he has lent his counsel on agricultural trade policy matters and recently accompanied Deputy Secretary Lyng to the latest round of E.E.C. negotiations.

Now, Mr. Amstutz, if you are approved by the Committee and confirmed by the Senate, it is only fair to warn you that yours will be the hot seat when you officially embark in you new job responsibilities.

As Under Secretary in charge of agricultural exports you will be immediately confronted with a number of pressing issues including the problems we seek to address in legislation currently pending before the Senate. I am referring to S. 822, the Agricultural Export Equity and Market Expansion Act of 1983. In addition, there are the very pressing issues of the Williamsburg Economic Summit and negotiation of a Long Term Agreement with the Soviet Union. We hope you will be involved in pressing the best just interests of the United States in all these matters.

Of course, the Committee has a tremendous interest in the operation of the domestic commodity programs under the jurisdiction of the Under Secretary. We are especially mindful of the need for these programs to be operated in a way that benefits farmers and taxpayers alike.

Before we proceed with opening statements by other Senators present, I would mention that following the hearing, the record will remain open for submitted questions from absent Senators, and if it meets the approval of Senator Huddleston, a vote on the nomination will probably occur later this week.

Senator Boschwitz, it is my understanding that you will introduce Mr. Amstutz to the Committee for any remarks he may care to make before the Senators begin with questions.

However, perhaps there are other Senators who would care to make opening remarks before we proceed with the introduction?

[Questions submitted by Senator Helms to Mr. Amstutz and answers thereto:]

Question. What is your evaluation of present requirements governing cargo preference, what is the effect of those requirements on agricultural exports, and what changes, if any, are needed to effectively meet the needs of our maritime and agricultural industries?

Answer. It is my understanding that cargo preference applies only to concessional (foreign aid) agricultural programs. It applies to the PL–480 Program and to the Section 416 Program.

In fiscal year 1982, under Titles I and III of Public Law 480, the Department paid approximatley $100 million to U.S. flag vessel owners to cover the increased cost of using U.S. vessels. Since the total cost to the Department of financing Title I/III commodities was $720 million, it is clear that cargo preference represented a significant portion of the total cost of the program. Naturally, agricultural interests would have liked the $100 million used for providing additional commodities to recipient countries rather than for freight subsidy.

The Section 416 Program is new. The USDA budgetary cost of cargo preference cannot be estimated, partly because it is not known to what extent international voluntary organizations and recipient countries will absorb the cost of ocean transportation.

Aside from these two programs, the President decided that 50% of U.S. wheat flour shipments to Egypt under the U.S.-Egypt Agreement would be carried on U.S. flag vessels. It is anticipated that the increased costs of U.S. flag shipping will require an additional allocation from CCC stocks of about 270,000 tons of wheat, valued at $35 to $40 million.

I am concerned about Congressional bills that would apply cargo preference to USDA credit and credit guarantee programs which have virtually no concessionary element. Passage of such bills would make it impossible to operate these programs as we know them.

Question. If current efforts on the part of the Administration fail to bring elimination of subsidies used by the European Economic Community to gain a larger share of world markets, and if current efforts fail to open new markets in Japan for our agricultural products, what steps would you recommend the United States take in order to achieve these objectives?

Answer. It is our hope that the European Economic Community will agree to join us in redefining and strengthening GATT rules governing export subsidies on agricultural products. Success in this pursuit would be a major step toward the elimination of the current subsidy problem.

It is our hope that the Japanese will recognize that free access to the Japanese market for American agricultural products, similar to what the Japanese enjoy in the U.S. for a full range of products, is to our mutual benefit.

Exports are essential for economic vitality to exist in the agricultural sector of our economy. Our trading partners must be aware of this. They must know that we intend to continue to be aggressive competitors in world markets.

Question. What is the Department doing to encourage new and innovative ways of utilizing our agricultural crops?

Answer. Through the extensive research facilities of the Agricultural Research Service (ARS), the Department is seeking new ways to utilize agricultural commodities. The objective is to provide the Nation's farmers with more options to get foods off of the farm and into the market place.

Question. Soon USDA will be considering whether to have a PIK or other programs for the 1984 crops of grain and cotton. I urge you to make these announcements as soon as possible, so that farmers and their suppliers can make their plans most efficiently.

How soon can we expect an announcement of the wheat program, for example, and what is the likelihood of a PIK for 1984?

Answer. It is our intention to announce the 1984 programs as soon as possible, especially for wheat. The decision has already begun. A Notice of Proposed Determinations was published in the Federal Register on May 6. Public comments on the 1984 program will be accepted for consideration through June 6. An announcement of the 1984 wheat program will be made shortly after the comment has ended, and not later than July 1. A PIK program for the 1984-crop of wheat seems quite likely.

The stocks situation on the other PIK commodities is expected to be in much better balance as a result of the 1983 PIK program. Therefore, it is difficult to determine at this time whether a PIK program for other commodities will be needed in 1984. As 1983 prospects for these commodities become clearer and demand factors materialize, 1984 program decisions will be made. You can be assured that every effort will be made to announce all 1984 programs as early as possible

Question. How can we make our programs more cost-effective for farmers and the public?

Answer. I believe our programs should undergird the marketplace, not replace it; they should be market oriented.

Question. What is the Department doing and what will you do to expand value-added exports like meat and meat products?

Answer. FAS efforts to expand the export of high-value products are concentrated in three specific areas. These areas are the Foreign Agricultural Service (FAS)/Cooperator Market Development Program; FAS sponsored trade shows and exhibits, and Commodity Credit Corporation credit programs.

The Foreign Agricultural Service/Cooperator Market Development Program for high-value products is spearheaded by the U.S. Meat Export Federation (USMEF), the Poultry and Egg Institute of America (PEIA), and the National Renderers Association (NRA). The USMEF and PEIA conduct activities abroad to include menu and in-store promotions with hotels, restaurants and retailers, technical seminars

with meat and poultry end-users and general trade servicing of the meat and poultry trade. The NRA provides technical assistance in finding new uses of U.S. edible tallow and other rendered products.

The Foreign Agricultural Service sponsored trade shows in most markets specifically feature U.S. high-value agricultural products. For example, U.S. exhibitors who participate in FAS sponsored trade shows in Japan and West Germany show only high-value agricultural products, such as meat and poultry and highly-processed food items.

The largest food show ever held in the United States for foreign buyers only begins May 17, 1983, in Atlanta. The show is jointly sponsored by the USDA and the National Association of State Departments of Agriculture. More than 375 companies will be represented, and we expect more than 1,000 foreign buyers. We assume the show will be quite successful in reaching a sales target of $100 million in value-added products. This show will be continued on a biannual basis.

A great deal of effort has been underway to expand credit opportunities for high-value products. While the major effort has previously been on bulk items, only recent proposals have included beef and dairy cattle, bull semen, swine, poultry breeding stock and eggs. These efforts are the first such credit packages implemented for high-value agricultural products in several years.

In addition, FAS provides vital technical expertise in assisting the Department of Agriculture and the Government as a whole to develop means whereby trade barriers against high-value products can be reduced or eliminated.

U.N. CONSUMER PROTECTION GUIDELINES

Question. In the position of Under Secretary for International Affairs, what would you do to ensure that U.S. agricultural exports are not adversely affected by these consumer guidelines?

What steps will you take to ensure that the Office of International Affairs and Commodity Programs is actively involved in forming the U.S. government's position on similar U.N. regulatory initiatives in the future?

Answer. The U.S. Department of Agriculture has worked closely with the United States Trade Representative and the Department of State to oppose the adoption of binding guidelines by any United Nations agency. The U.S. position, with which the Department has always agreed has been that any guidelines or rules which constitute commitments on the conduct of international trade should be negotiated under the General Agreement on Tariffs and Trade. The only significant United Nations activity involving the establishment of standards for food products is the work of the Codex Alimentarius, an organization which operates under the auspices of the World Health Organization and the Food Agriculture Organization of the United Nations. The object of the codex is to facilitate trade by reaching an international understanding on a voluntary basis of acceptable technical standards for foods. The Department of Agriculture provides representation directly to that work and to the interagency work in the Federal Government on trade policy. The Department ensures in this way that agricultural exports are not adversely affected by consideration of consumer protection guidelines and similar initiatives by United Nation's agencies.

Question. When the Koreans made a commitment to buy 500,000 tons of California rice from the United States back in 1980, they did it with the understanding the USDA policy determined crop year by shipment date and with the knowledge that crop year in rice has never been a significant factor in our Government's eyes. Do you think it would be fair-or smart trade policy to change rules on the Koreans Midstream?

Answer. The Korean commitment to purchase 500,000 tons of 1981 crop Calrose rice was made to alleviate U.S. concerns that heavily subsidized Japanese rice would not displace commercial sales of U.S. rice in 1981/82. This Administration's policy with regard to fulfillment of the Korean rice pledge has been consistent: the commitment should be fulfilled.

Question. Since the beginning of 1983, the Koreans have taken delivery of almost 125,000 tons of rice from the Comet Rice Company. Are you aware that according to the Warehouse Act, the only way the Government knows for sure if rice was from specific harvest, if it is "identity preserved"?

Are you also aware that none of the rice stored in California is identity preserved?

Answer. I have no first hand knowledge about the amount of rice in California that is or is not stored as an identity perserved basis.

Question. Now there are some people who believe that the Government should indicate to the Koreans that the purchases they have made since January of this year do not count in fulfilling the Korean's 1980 commitment to buy rice. In light of the fact that as far as both law and stated policy are concerned, 1981 crop rice no longer exist, will you determine the Koreans are not fulfilling their commitment, and will you try to force the Koreans to buy the 125,000 tons a second time?

Answer. The U.S. government's position has consistently been and continues to be that the Korean made a promise to the U.S. government to buy and ship 500,000 tons of 1981 crop Calrose rice and it should fulfill this commitment.

Question. What is your view on the merits of including value-added products in a Long Term Agreement (LTA) with the Soviets—particularly on including soybean oil and soybean meal?

What do you think the prospect is for getting soybean oil and meal included in an LTA in the range of 2–3 million metric tons, as the industry has suggested?

Answer. I think of an LTA with the Soviets as an important symbol of our two countries' relationship as trading partners in farm products. I believe an LTA can lead to a better mutual trade climate in the agricultural area for commodities and products covered in an LTA and those not specifically covered. I therefore believe an LTA will be helpful in increasing trade opportunities in value added products regardless of whether or not they are specifically mentioned in the LTA. Obviously those items covered in the LTA must be of mutual interest, agreeable to both sides.

Question. What is your position on continuing our crop reduction programs versus strengthening our export position in the world market?

Answer. Our long range goal is to utilize the rich productive resources of American agriculture. I believe we are efficient producers and that market oriented programs provide our best assurance for utilizing our productive capacity and maintaining an aggressive, competitive posture in world markets. Clearly, export markets are of vital importance to American agriculture. We must have free access to all these markets and we must be competitive in terms of price, other terms (e.g., credit) and quality of product if we hope to achieve our goal of maximum utilization of our production capacity.

Question. Would you favor, at some point in the future, some form of export payment-in-kind program to promote value-added products? Specifically, would you favor an export payment-in-kind program on soybean oil similar to the Egyptian wheat flour deal?

Answer. An export payment-in-kind program would require sufficient stocks of CCC-owned commodities. We will review the status of CCC stocks once we know how much will be utilized in the domestic PIK program. If there are still surplus stocks, we will consider various alternatives to bring supply and demand into line.

The Egyptian wheat flour sale was unique in that Egypt imports about one-fourth of all commercial wheat flour traded in the world. The European Community, therefore, did not have markets where they could make up this loss. Success of an export PIK for soybean oil or any other commodity would depend upon finding a situation where similar conditions exist. We are anxious to expand U.S. exports and are constantly reviewing all avenues to achieve this goal.

Question. What is the status on raising the ceiling on GSM 102 Credit Guarantees? How important do you think the Credit Guarantee and Blended Credit Programs are in expanding and regaining our export markets?

Answer. The question of raising the ceiling on GSM–102 Credit Guarantees is under active consideration. We are very pleased at how effective the Blended Credit Programs have been in helping us to expand and regain our export markets. Thus far during fiscal year 1983, exports of almost 8 million metric tons of agricultural products have been covered by Blended Credit Programs already announced. Credit programs are important to our market development efforts.

[Questions submitted by Senator Huddleston to Mr. Amstutz and answers thereto:]

Question. Do you believe that the proposed reduction in funding for direct export credits in fiscal year 1984 will adversely affect the operating of the Department's export development program?

Answer. We believe that where possible the market place should be allowed to function. When this is not possible because of actions taken by others to distort the market place we will vigorously defend our producers through the use of export credit programs.

Market conditions next year will determine whether or not our proposed allocations will be sufficient. As evidenced by the domestic PIK program, this Administra-

tion has the will and the know-how to work within budgetary limits to achieve maximum effectiveness.

Question. As Under Secretary for International Affairs and Commodity Programs, you will be responsible for administering agricultural price stabilization programs. Do you believe that the use of price support loans in these programs unduly hinders the operation of the commodity markets?

Answer. The price support programs provide a valuable stabilization function by promoting the orderly marketing of grain and fiber—benefitting both producers and consumers. Producers can better plan their production decisions knowing that prices will be supported at the loan levels, thereby reducing price risks. Consumers benefit knowing that an adequate supply of grain and fiber are best insured by adequate farm prices and a healthy farm sector.

The loan program, however, can have adverse effects on markets (both on the supply and demand side) if they are set at levels which are too high relative to market levels. This Administration favors a loan rate that does not adversely affect trade or domestic use—or artificially influence the expansion of production by our competitors.

Question. Do you have any continuing financial or other relationship with Cargill or its subsidiary companies, or Goldman, Sachs or its subsidiaries?

Answer. I have no continuing relationship whatsoever with Cargill, or its subsidiary companies or Goldman, Sachs & Co. or its subsidiaries. I do have vested pension rights as a result of my employment by the Cargill organization but these are managed totally separately from all of Cargill's other business activities.

Question. Many in the U.S. farm community are eager to see the United States start negotiating with Russia on a new long-term bilateral grain agreement. What role will you be playing in the consultations with Russia, scheduled to take place soon, on USSR grain imports?

Answer. I expect to play an active part in the meetings with the Soviets. On consultations under the existing agreement, I expect to lead the U.S. side. On negotiations themselves, I expect to have a very active role.

STATEMENT OF HON. ROGER W. JEPSEN, A U.S. SENATOR FROM IOWA

I wholeheartedly support the nomination of Daniel G. Amstutz to serve as the Under Secretary of Agriculture for International Affairs and Commodity Programs. Mr. Amstutz' impressive credentials will serve American agriculture well in the Department of Agriculture.

I have had the opportunity to discuss personally with Mr. Amstutz the vital role he will play in our domestic and international agricultural policies. I am confident that Mr. Amstutz will provide strong leadership in the crucial area of international trade.

However, the position of Under Secretary of Agriculture also encompasses the farm production programs.

In this regard, oversight of the payment-in-kind program will demand much of Mr. Amstutz' time. I have stressed to him the importance of an early announcement of any 1984 payment-in-kind program for our Nation's farmers. No trade policy can be successful without an efficiently run domestic farm program.

Mr. Amstutz brings a great deal of experience to this position. I am confident that he will always be mindful of the importance of the individual American farmer in fulfilling his responsibilities as Under Secretary of Agriculture.

[Questions submitted by Senator Zorinsky to Mr. Amstutz and answers thereto:]

Question. Wheat sales have been and continue to be lost to U.S. producers as a result of the failure to get agreement on the level of textile imports from the People's Republic of China.

How has our "hard ball" negotiating position over $30 to $40 million in textile imports served the overall interest of grain producers or even cotton producers who have a market in the PRC for raw cotton?

Answer. Right now, the impasse over textile quotas is troublesome for export trade with China, which is down this year, but we are hopeful that further negotiations will result in a satisfactory solution.

Clearly, the overall significance of the textile talks for both the United States and China is greater than the remaining difference over the value of trade permitted. The U.S. textile negotiators are trying to implement a consistent trade policy in accordance with the President's commitment to relate import growth to domestic in-

dustry growth now running about 1.5 percent per year. Agreements with our top three textile suppliers, Taiwan, Hong Kong and Korea, have been concluded limiting their trade weighted growth in exports to the United States to 1 percent or less. Last year, U.S. agricultural exports to these three markets totaled $3.1 billion compared with exports of $1.5 billion to China. A disregard for equity between our agreement with China and those of other suppliers could well complicate our trade relationship with these other important markets.

Question. How would you involve the Department of Agriculture in getting resolution of the stalemated negotiations?

Answer. As a member of the Textile Trade Policy Group (TTPG), which is chaired by USTR, USDA has been closely following the progress of the textile negotiations. We are confident of our negotiator's awareness that these talks are extremely important for U.S.-China trade relations. During the last round of talks, the two sides moved closer to final agreement, and we are optimistic that the talks will be successfully concluded in the near future.

DANIEL G. AMSTUTZ—BIOGRAPHICAL RÉSUMÉ

Before joining the U.S. Department of Agriculture, Daniel G. Amstutz was a general partner of Goldman, Sachs & Company of New York, a major investment banking firm. He joined Goldman, Sachs in 1978 to develop and direct commodities activities for the firm.

Previously, for nearly 25 years, he was associated with the Cargill organization. In 1972 he created, for Cargill, Cargill Investor Services, a commodity brokerage and consulting firm. He served as its president and chief executive officer from 1972 to 1978.

Prior to that, Amstutz was director of feed grain merchandising, for Cagill, Inc. and, before that, deputy director of wheat merchandising for Cargill. In these capacities, he was responsible for coordinating domestic and export merchandising activities and was responsible for hedging operations. Prior to that he served as manager of Cargill's activities in Germany, and the Scandinavian countries while residing in Hamburg, Germany and before that was one of the original cadre of Cargill officials who created Cargill's overseas organization, TRADAX, in Geneva, Switzerland. Among his trade activities included member of the executive committee and director of the National Grain and Feed Association and director of the U.S. Feed Grains Council.

Amstutz is a graduate of Ohio State University.

HOME ADDRESS

875 Fifth Avenue, New York, N.Y. 10021, (212) 988-5665

BUSINESS ADDRESS

55 Broad Street, New York, N.Y. 10004, (212) 676-2177

BUSINESS EXPERIENCE

1978

Goldman, Sachs & Co., New York, General Partner. In charge of commodity activities.

1954-78

Cargill, Inc. organization

1972-78

Cargill Investor Service, Inc., Chicago President & Chief Executive Officer. Commodity futures brokerage and hedge consulting business.

1967-72

Cargill, Inc., Minneapolis, Assistant Vice President. Director of feed grain merchandising.

1960-67

Cargill, Inc., Minneapolis, Assistant Manager, wheat merchandising.

1954-60

Cargill, Inc., Senior merchant and management responsibilities in Ft. Worth, Texas; Hamburg, Germany; and Geneva, Switzerland.

EDUCATION

1950–54

The Ohio State University, Columbus, Ohio, B.Sc.

MEMBERSHIP

Chicago Board of Trade, Chicago Mercantile Exchange, International Monetary Market, N.Y. Commodity Exchange, N.Y. Cocoa Exchange, Union League Club of Chicago.

ADDITIONAL INFORMATION

Current: Director of the National Grain and Feed Association and Chairman of its Commodity Exchange Committee.

Past: Director of the U.S. Feed Grains Council, founding member of the Durum Industry Advisory Committee, member of the CFTC Advisory Committee on the Economic Role of Futures.

U.S. OFFICE OF PERSONNEL MANAGEMENT,
OFFICE OF GOVERNMENT ETHICS,
Washington, D.C., May 3, 1983.

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Daniel G. Amstutz, who has been nominated by President Reagan for the position of Under Secretary of Agriculture for International Affairs and Commodity Programs.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Mr. Amstutz' disclosure report reveals that until 1982 he was a general partner of Goldman, Sachs & Co., in charge of commodity operations, and was also a partner in several affiliated partnerships. Mr. Amstutz has severed all employment-related affiliations with Goldman, Sachs and the related partnerships; however, Goldman, Sachs has withheld from him the amount of $156,948.00 representing his share of partnership contingency reserves. Mr. Amstutz still maintains several relationships with Goldman, Sachs as an investor, which are not related to agricultural commodities or the other programs of the Department of Agriculture. He retains a 1.189% ownership interest in the firm's 1981 special real estate account, identified in the report as an interest in a building under construction in N.Y.C. He also has an interest in the GS Oil & Gas Co., and a securities account with the firm which consists solely of cash and U.S. Government securities.

The enclosed April 27, 1983, memorandum from the Deputy Ethics Officer at the Department of Agriculture advises that the sum retained by Goldman, Sachs for contingencies is not expected to be returned to Mr. Amstutz and that, while the actual use of the money is beyond Mr. Amstutz' control, it is expected that it will be maintained in a private bank account, as cash, entirely separate from Goldman, Sach's operating or investment accounts. Mr. Amstutz will derive no income from the fund, nor will the amount held in escrow increase in any way.

Mr. Amstutz' report also shows that he retains an interest in the pension plan operated on behalf of Cargill, Incorporated, a major grain trading firm by which he was employed from 1954 through 1978. Since Cargill's business is affected on a daily basis by prices and market conditions for domestic and foreign agricultural commodities, and the programs which Mr. Amstutz will administer as Under Secretary of Agriculture may directly affect such market conditions, Mr. Amstutz' continuing interest in Cargill's pension plan constitutes a financial interest for purposes of 18 U.S.C. § 208.

The enclosed letter of March 14, 1983, from Mr. Peter S. Price, a Cargill Vice President, to Mr. Amstutz, describes the operation of the pension plan which is the responsibility of six independent trustees who are not employees of Cargill. It appears virtually impossible for any present or former employee of Cargill to affect either the management of the fund or his interest therein. Less than one percent of the plan's funds are in Cargill-related investments. Under these circumstances, the Secretary of Agriculture has determined that Mr. Amstutz' interest in Cargill "is not so substantial as to be deemed likely to affect the integrity of the services which the government may expect from" him and has granted Mr. Amstutz a waiver from

the application of 18 U.S.C. § 208(a) pursuant to the authority contained in Section 208(b)(1). The April 26, 1983, letter from Secretary Block to Mr. Amstutz granting such waiver is enclosed.

Based on the above considerations, we believe that Mr. Amstutz is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

DAVID R. SCOTT,
Acting Director.

Enclosures.

MEMORANDUM FOR THE FILE—APRIL 27, 1983

Additional contact with Mr. Amstutz on April 27, 1983, confirmed that the $156,948.00 withheld for the Reserve for Contingencies is outside his control and not expected to be returned. Although Mr. Amstutz cannot control the actual uses this money is put to, it should be maintained in a private bank account, as cash, entirely separate from Goldman, Sachs and Co. operating or investment accounts. In any case, no income will further derive to him from this money nor will the balance held in escrow increase in any way.

PETER C. SLEIGHT,
Deputy Ethics Officer,
U.S. Department of Agriculture.

CARGILL,
Minnetonka, Minn., March 14, 1983.

Mr. DANIEL G. AMSTUTZ,
U.S. Dept. of Agriculture,
Washington, D.C.

DEAR DAN: Here is the information you requested concerning your pension rights and the pension fund of Cargill, Incorporated.

Based upon your employment with Cargill, Inc. you are entitled to a deferred vested pension benefit of $1,689.30 per month upon attainment of age 65.

Less than one percent of the Cargill, Inc. salaried employees pension fund is invested in Cargill, Inc. or subsidiary stock or physical assets used by Cargill. The pension fund is the responsibility of six trustees who are not employees of Cargill. There are six outside fund managers who invest and manage the funds that are invested in financial instruments. There are two fund managers who handle real estate and one who is responsible for gas and oil investments. With the trusteeship and fund management arrangements, it is virtually impossible for an employee or x-employee to have any impact on the management of the fund. In my opinion, I do not see that there is the potential for a conflict of interest in your being confirmed as Undersecretary of Agriculture.

Please let me know if you need additional information or clarification on any of the above.

Sincerely,

PETER S. PRICE,
Vice President, Human Resources.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 26, 1983.

Mr. DANIEL G. AMSTUTZ,
New York, N.Y.

DEAR DAN: Through your Financial Disclosure Report (SF 278) and attachments thereto, filed in connection with your nomination to be Under Secretary of Agriculture for International Affairs and Commodity Programs, you have informed us of your rights and interests in the pension fund of Cargill, Incorporated, a major grain firm with which you were employed from 1954 through 1978. A letter addressed to you by Mr. Peter S. Price, a vice president of Cargill, dated March 14, 1983, details the operation of Cargill's pension plan and your rights in such plan. That letter, a copy of which is enclosed herewith, concludes that, since the fund is the responsibility of six trustees who are not employees of Cargill, it is virtually impossible for any present or former employee of Cargill to affect either the management of the fund or his own personal interest therein.

Nonetheless, since Cargill is a major grain firm whose business is affected on a daily basis by prices and market conditions for domestic and foreign agricultural commodities, and since the programs which you will administer as Under Secretary

for International Affairs and Commodity Programs have an opportunity to directly affect such national and international market conditions, I have deemed it appropriate to consider your continuing interest in Cargill's pension plan a financial interest for purposes of application of Federal conflict of interest laws.

Pursuant to Executive Order 11222, delegating to me the authority contained in section 208(b)(1) of Title 18 of the United States Code, I am authorized to grant a waiver from the applicability of section 208(a) if it is determined that your private interest in decisions affecting Cargill, Incorporated, or that firm's pension plan, "is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect" from you.

Based upon the information you have disclosed regarding the pension plan in question, and upon the information contained in the enclosed letter, I do not believe that your continuing connection with Cargill, Incorporated, through its pension plan, is likely to influence you in your discussions or decisions regarding domestic and international farm programs. Accordingly, I hereby grant you a waiver from the applicability of section 208(a), as that section might otherwise operate to impose liability on you for your participation in policy discussions and particular matters which could affect Cargill, Incorporated, or its pension plan.

Sincerely,

JOHN R. BLOCK,
Secretary of Agriculture.

Enclosure.

MEMORANDUM TO FILE—APRIL 26, 1983

A conversation was held with Mr. Amstutz on April 26, 1983, to develop additional information concerning his financial disclosure report (SF-278) as requested by the Office of Government Ethics. The following items was determined:

1. The SF-278 which was initially received undated was completed in mid-March of 1983 (as is now noted on the form).
2. The 1981 Special Real Estate Account mentioned in the March 18 Settlement agreement with Goldman, Sachs and Company consists of the 1.189% interest shown on Schedule A of the SF-278 in an unfinished building in New York City. There is no income currently produced by this holding.
3. The oil and gas interest shown on Schedule A is a normal investment account which has become a tax loss and produces no current income.
4. The Goldman, Sachs personal securities account shown is a normal investment account which currently consists of cash and a few U.S. Treasury obligations.
5. The December dates shown on Schedule D relating to positions held represent dates of resignation from those positions.

PETER C. SLEIGHT,
Deputy Ethics Officer,
U.S. Department of Agriculture.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C.

Hon. DAVID R. SCOTT,
Acting Director, Office of Government Ethics,
Washington, D.C.

DEAR MR. SCOTT: Enclosed is the SF 278, Financial Disclosure Report, filed by Daniel G. Amstutz in connection with his nomination to be Under Secretary of Agriculture for International Affairs and Commodity Programs, which I have signed as this Department's Designated Agency Official.

Mr. Amstutz was employed from 1954 through 1978 by Cargill. Incorporated, a major grain trading firm. Since 1978, and until March of this year, Mr. Amstutz has been a general partner of Goldman, Sachs & Co., in charge of commodity operations, and a general partner as well in several related partnerships. Mr. Amstutz has severed his relationships with Goldman, Sachs & Co., and with the related partnerships, but for Goldman, Sachs' having withheld an amount which represents his share of the partnership's contingency reserve, and but for his having retained an interest in the firm's 1981 Special Real Estate Account.

Mr. Amstutz retains an interest in the pension plan operated on behalf of Cargill, Incorporated. Because of the many programs of this Department which affect the business interests of Cargill, we have determined that Mr. Amstutz' interest in the Cargill pension plan should be deemed a financial interest for purposes of application of 18 U.S.C. 208. Therefore, in order to avoid any potential for conflict of inter-

est arising out of actions which Mr. Amstutz may take as Under Secretary of Agriculture for International Affairs and Commodity Programs, which actions could affect the business operations of Cargill or that firm's pension plan, Secretary Block has exercised the authority delegated to him by Executive Order 11222, waiving the applicability of section 208(a) on the basis of his determination that Mr. Amstutz' interest in the Cargill pension plan is not so substantial as to be deemed likely to affect the integrity of the services which he will perform for the Government. A copy of the Secretary's letter granting such waiver to Mr. Amstutz is enclosed.

On the basis of the information contained in Mr. Amstutz' Financial Disclosure Report, and considering both the steps which he has taken to sever his relationships with Goldman, Sachs & Co., and the waiver granted by the Secretary with respect to Mr. Amstutz' interest in the Cargill pension plan, I have concluded that Mr. Amstutz' appointment as Under Secretary for International Affairs and Commodity Programs will pose no actual or apparent conflict of interest under applicable laws and regulations.

Sincerely,

WILLIAM J. RILEY, Jr.,
Director of Personnel and
Designated Agency Official.

Enclosure.*

NATIONAL CORN GROWERS ASSOCIATION,
Washington, D.C., May 4, 1983.

Hon. JESSE A. HELMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HELMS: The Executive Committee of the National Corn Growers Association voted unanimously to support the nomination of Mr. Daniel G. Amstutz to serve as the Under Secretary of Agriculture for International Affairs and Commodity Programs. Our organization believes the nomination by President Reagan of Mr. Amstutz is an excellent choice at a critical time.

Mr. Amstutz will bring to the U.S. Department of Agriculture considerable experience and knowledge about agricultural marketing and international trade. Coupled with his professional background, which requires an intimate understanding of basic farm production programs, Mr. Amstutz will be in a position to provide Secretary Block with considerable assistance and support in developing policies and programs to maximize U.S. grain and agricultural exports. First and foremost in this ongoing process will be the negotiations of a new and expanded long-term grain agreement with the Soviet Union.

Our organization urges you and your colleagues on the Committee on Agriculture, Nutrition and Forestry to recommend to the United States Senate rapid consideration and confirmation of Mr. Amstutz as Under Secretary of Agriculture for International Affairs and Commodity Programs.

Sincerely,

JACK PARSONS, *President.*

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*Retained in committee files.

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ERRATA

Nomination of Daniel G. Amstutz

The above hearing before the Senate Committee on Agriculture, Nutrition, and Forestry was numbered incorrectly.
The correct designation is S. HRG. 98–267.

S161-16